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The President's Daily Brief

August 12, 1976

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FOR THE PRESIDENT ONLY

August 12, 1976

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LEBANON: *Efforts to implement the Syrian-Palestinian reconciliation accord broke down yesterday because of Syria's insistence that Lebanese Muslims sympathetic to Damascus be represented on the quadripartite truce committee.*

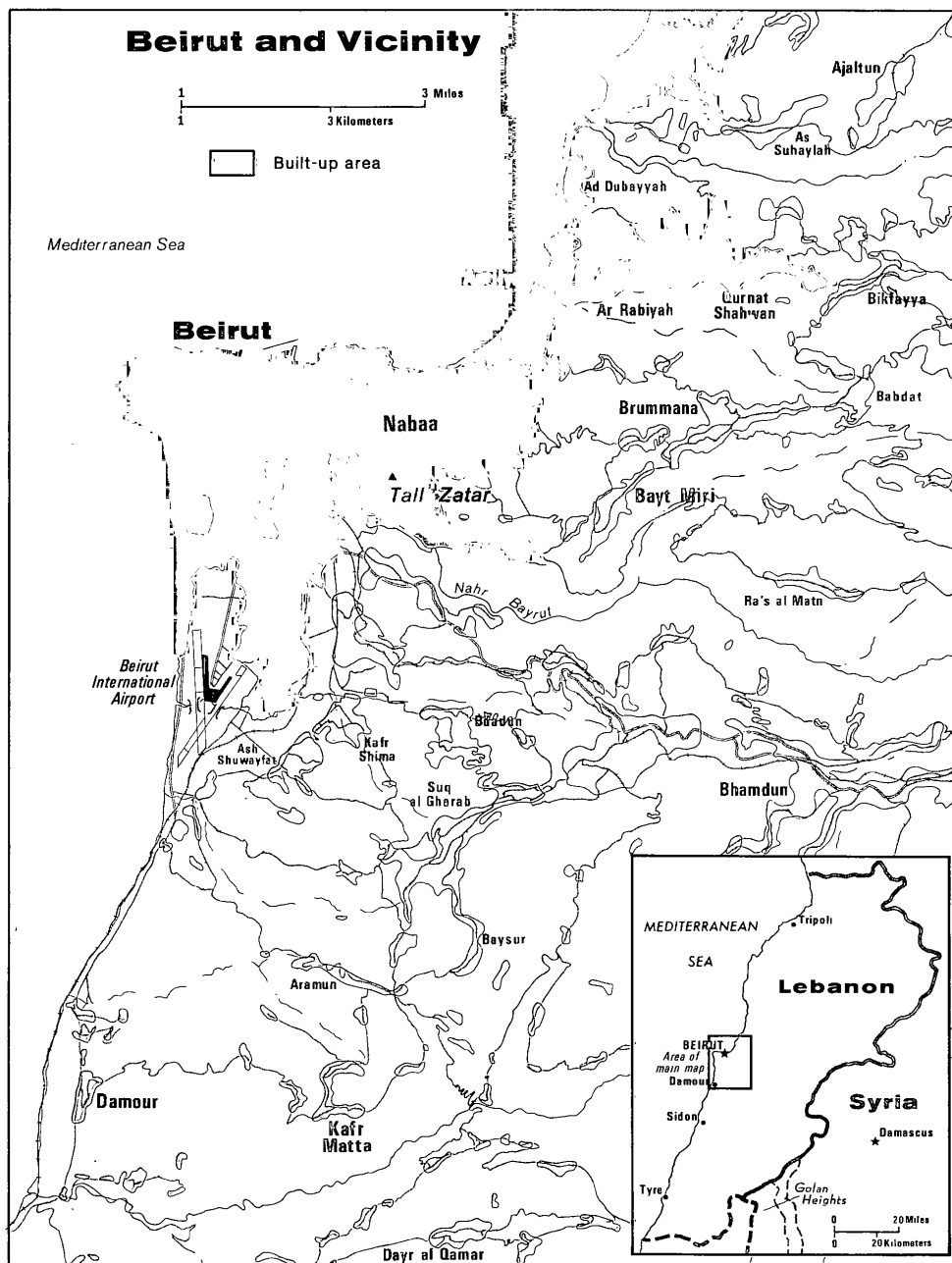
The Syrians have intentionally stalled implementation of the two agreements presumably to give the Christians more time to consolidate their recent military gains.

The Palestinian delegation conducting talks on the accord returned to Beirut from Damascus yesterday to brief Yasir Arafat and leftist leader Kamal Jumblatt. Neither has publicly renounced the accord, but both the Palestinian and leftist press have roundly condemned Syria's latest demand.

Syrian obstructionism prompted Arafat to appeal once again for help from Egypt.

In an open letter to President Sadat published yesterday, Arafat accused Syria of maneuvering on behalf of the Christians and of expanding its own military offensive against the Palestinians. Arafat sent similar messages to other Arab leaders and met with the Soviet ambassador in Beirut yesterday, presumably to request that Moscow exert greater pressure on Damascus to settle with the Palestinians.

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It is unclear whether the Christians, who launched another attack on Tall Zatar on Tuesday, have committed sufficient troops to root out the remaining defenders of the camp, most of whom are operating from a maze of underground bunkers.

The Christians are generally reluctant to take high casualties and have resisted undertaking a large-scale ground attack. The fall of Nabaa, which had been the main resupply route for the camp, may have encouraged the Christians to make their latest move.

The Christians continue to reinforce their positions south of Beirut in what appear to be preparations for cutting off leftist-controlled west Beirut from the south. Heavy fighting along the Beirut-Damascus highway suggests that the Christians may intend to break leftist supply routes from the south before they revive their offensive in the Mount Lebanon area.

Israeli military officers have been meeting periodically with representatives of the renegade Lebanese Arab Army in an apparent effort to increase Israeli influence in southern Lebanon.

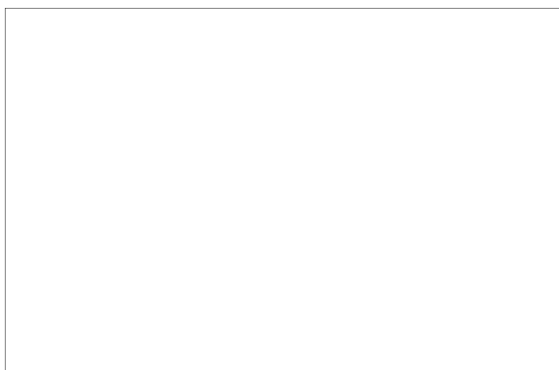
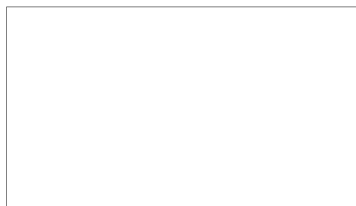
A senior Israeli official has confirmed press reports about the meetings. The Israelis hope to use these contacts to discourage a resumption of cross-border Palestinian commando raids. The Israelis and the renegade Lebanese may also calculate that their widely publicized meetings will serve as an additional warning to Syria to keep out of the border region.

The Lebanese probably hope in addition to learn Israeli intentions and perhaps ward off any Israeli moves into southern Lebanon, especially against the airstrips being built to facilitate the shipment of supplies to Palestinian units in the north.

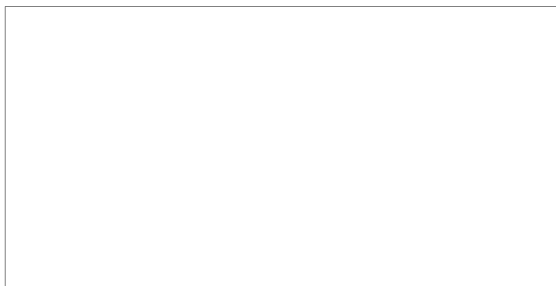
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An official of the Soviet Ministry of Foreign Affairs, who is concerned with the Middle East, seemed resigned about the Lebanese situation when he talked recently with the US political counselor in Moscow.

The official stuck to the line that there ought to be a ceasefire followed by talks among the Lebanese parties without outside interference, and that the territorial integrity and independence of Lebanon should be respected. He was pessimistic about the recent Syria-PL0 agreement and said that the Lebanese civil war was far from over.

The official claimed that Soviet-Syrian relations are completely normal, despite the disagreement over the presence of Syrian troops in Lebanon. He expressed doubt

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that any progress would be possible on an overall Middle East settlement until after the US elections and said the next idea for Middle East negotiations would have to come from the US.

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SYRIA:

a growing number of bombings and political assassinations in recent weeks.

Most of the attacks mounted by Palestinians and Iraqis are in Damascus and are intended to create public disturbances that will embarrass and undermine confidence in President Asad's regime. The inability of the Syrians to prevent such attacks in the capital may mean that some of the government's security organizations have been penetrated by agents of the Palestinians or Iraqis.

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Terrorist activity may increase as the result of the death of an imprisoned youth leader, one of the Muslim radicals, last month.

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EGYPT - SAUDI ARABIA:

Egypt issued an official statement last night that seems designed to scuttle a new Saudi effort to cool the Egyptian-Syrian dispute. In so doing Cairo may have further antagonized its Saudi ally.

The statement denounced Syria's continued intervention in Lebanon as a contravention of the agreement reached between the Egyptian and Syrian prime ministers at a reconciliation meeting held under Saudi auspices in Riyadh in late June. Syria, the statement declared, has merely used the Riyadh agreement as a shield for its territorial ambitions in Lebanon, and President Sadat has brought the "facts" of Syria's "scheme" to Saudi attention.

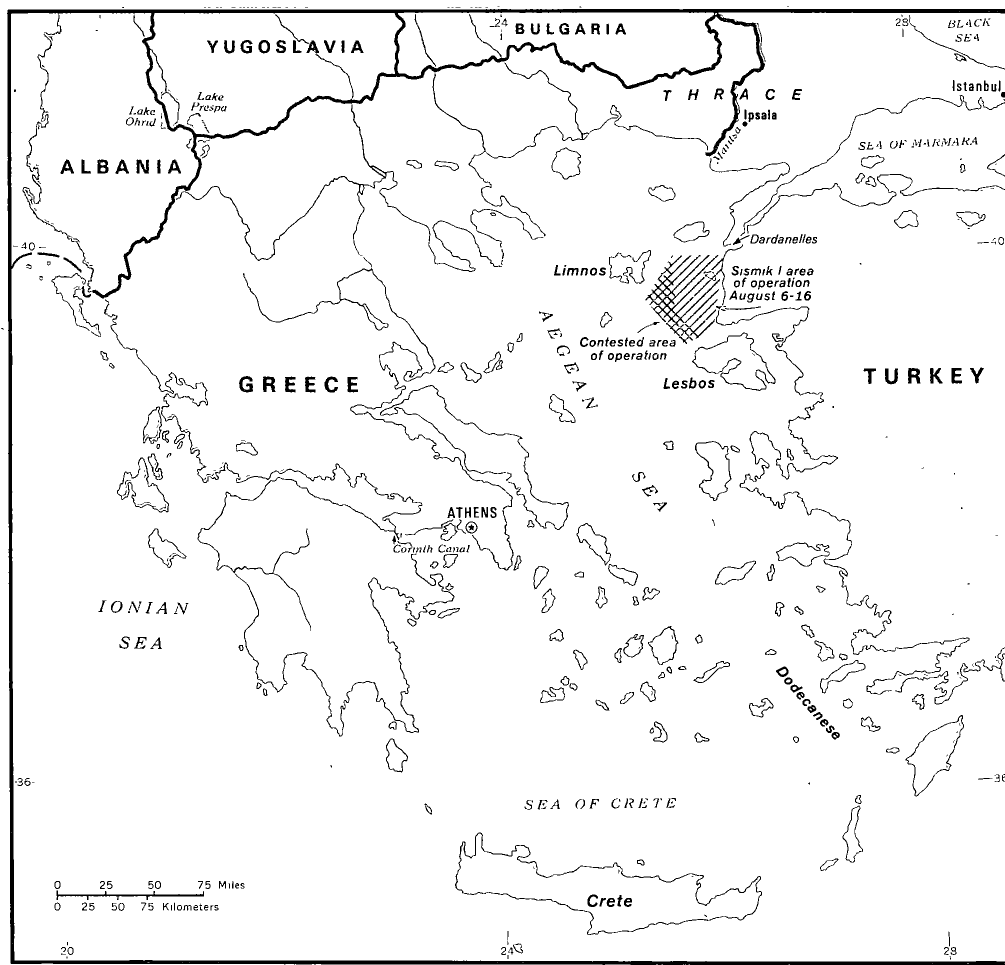
The Riyadh meeting in fact resulted in no meaningful agreement, and the two sides some weeks ago dropped all pretense of a reconciliation. By trying to enlist the Saudis in the dispute with Syria, Cairo has placed Riyadh in an awkward position that could serve to intensify the Saudis' impatience with Cairo.

The Egyptian statement follows a renewed Saudi attempt to end the Cairo-Damascus quarrel. 50X1

The Saudis undoubtedly are displeased with Sadat's cavalier response to their proposal, and they may well be angered by what, in effect, was a public rejection yesterday. The Egyptian statement highlights the embarrassing Saudi position in the dispute between Egypt and Syria.

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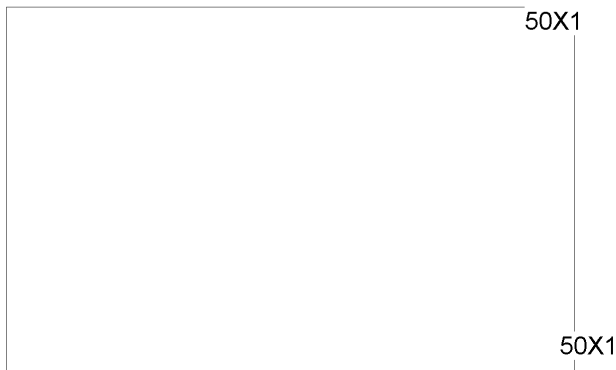
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GREECE-TURKEY: *The pace of diplomatic activity aimed at averting a clash between Greece and Turkey is accelerating while tensions in the Aegean remain high.*

NATO Acting Secretary General Pansa apparently intends to call a meeting of the NATO Council today at Belgian insistence to consider the situation. In New York, the UN Security Council meets today to hear the Greek appeal.

In the Aegean, both sides continue to have their forces in a high state of readiness. Additional Greek units apparently have been placed on alert or redeployed.



The Turks have [redacted] [redacted] complained about repeated Greek harassment of the Sismik and have warned the Greeks to stop or face the consequences. The Greeks have acknowledged keeping a discreet watch on the ship but have denied being provocative.

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JAPAN: *Deputy Prime Minister Fukuda hopes to persuade Prime Minister Miki that he has no choice but to resign.*

With the balance of power in the ruling Liberal Democratic Party now clearly in his favor, Fukuda announced on August 10 that he would soon begin talks with Miki about the party's future following the Lockheed scandal. Finance Minister Ohira, a former rival of

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Fukuda, publicly endorsed the Deputy Prime Minister's bid for leadership this past weekend. Senior representatives of former prime minister Tanaka's faction have privately agreed to support Fukuda.

Fukuda and Ohira are also planning to convene a special party convention late this month in order to win official endorsement of a leadership change. Faced with the prospect of a humiliating defeat at such a caucus, Miki could agree to step aside voluntarily as the date approaches.

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KENYA-UGANDA: *Kenya is being cautious about implementing the agreement concluded last weekend with Uganda.*

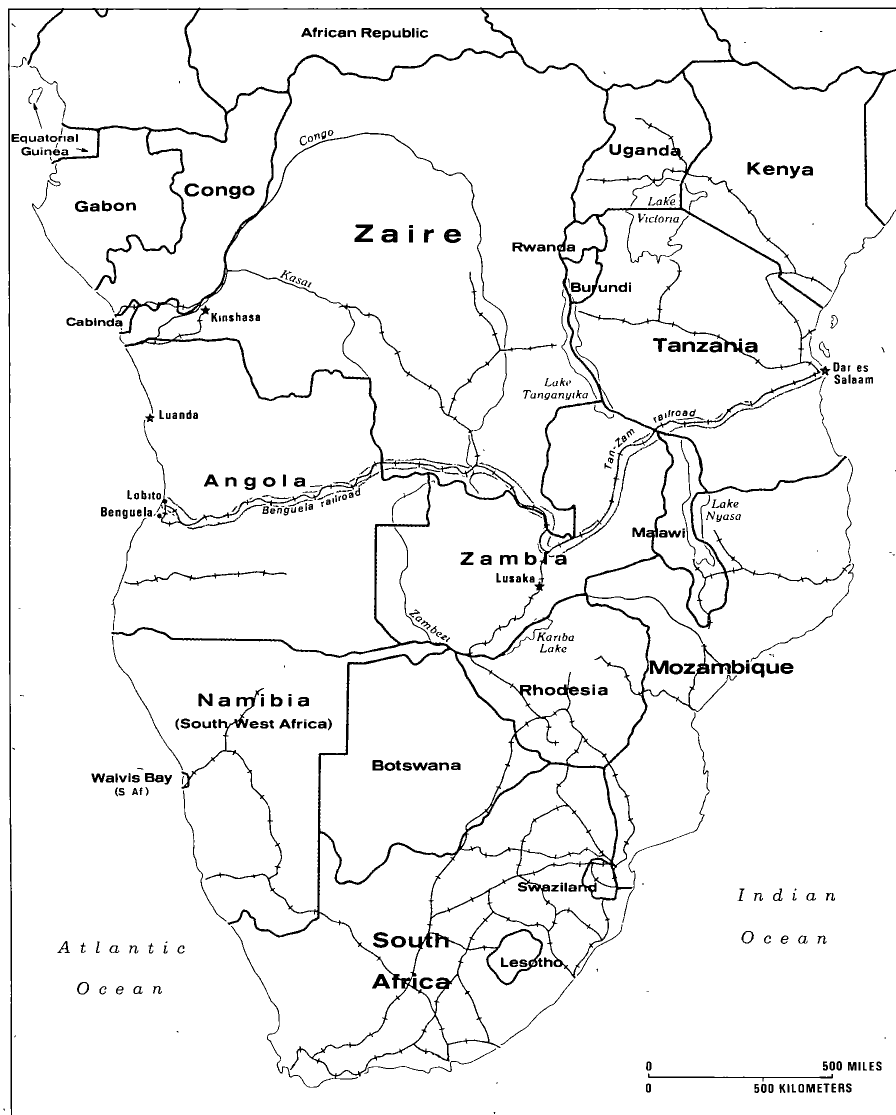
The accord provides, among other matters, for a resumption of normal interstate commerce. The Nairobi government is permitting the movement to Uganda of petroleum products, including aviation fuel, in amounts substantially below those shipped before the Entebbe incident.

The Kenyans evidently intend to keep Uganda on short rations until Nairobi has clear indications that Kampala is living up to other provisions of the agreement--especially those related to commercial debts owed to Kenyan firms and an end to the harassment of Kenyans living in Uganda. The Ugandans did release about 75 Kenyans from custody last weekend.

Nairobi also intends to hold up for at least a week or two the movement from the Kenyan port of Mombasa of arms and military-related items intended for Uganda. Virtually all of Uganda's Soviet-supplied arms have been delivered through Mombasa.

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SOUTHERN AFRICA: *An-
gola's Benguela railroad
reportedly will reopen
to international traffic
within a month--after
having been closed for
a year.*

Before it closed in August 1975, the Benguela rail line carried about half of the trade of both Zaire and Zambia. This included about 35 percent of Zaire's copper exports and 50 percent of Zambia's. During the past year, these two countries have tried to reroute traffic through Dar es Salaam in Tanzania as well as through other ports in East Africa. Zaire is also using South Africa's ports.

Despite limited use of the Tan Zam railroad since September 1975, copper exports for both countries are running about 20 to 30 percent below normal levels.

It will probably be at least six months before pre-war traffic levels can be attained. Most of the Portuguese who previously operated and maintained the railroad and port facilities at Lobito have emigrated, and skilled replacements will be difficult to find. Moreover, both Zaire and Zambia hesitate to commit themselves heavily to this line until guerrillas operating in Angola can be brought under control. Even then the two countries may not wish to rely on the Angolan regime--which they opposed during the civil war--to handle a large part of their trade.

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USSR: *Soviet grain
prospects remain good
as of early August.
We estimate production
at 195 million metric
tons, unchanged from
our estimate in July.
The forecast assumes
normal weather through
harvesting.*

This approximates the 1974 harvest--the USSR's second largest grain crop--and would represent a strong recovery from last year's disastrous 140 million ton harvest. As a result, Soviet grain purchases this calendar year are likely to be only half of last year's total.

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Confirmed Soviet purchases of grain for delivery during the coming marketing year total about 10 million tons--plus 2 million tons of soybeans--with an additional 2 million tons of grain as yet unconfirmed. Of the confirmed amount of grain and soybeans, 8.6 million tons will come from the US.

Under the US-USSR grain agreement, Moscow must import at least 6 million tons of US grain from October 1976 through September 1977. So far 4.4 million tons is scheduled for this time period.

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NOTES

Recent satellite photography indicates that Somalia is preparing to establish surface-to-air missile sites in the northwest to defend key military facilities near its borders with Ethiopia and the French Territory of Afars and Issas.

Mid-July coverage showed 24 SA-2 missile launchers, 52 transporters, and other support equipment parked at a location roughly midway between Berbera and Hargeysa, the largest cities in northwest Somalia. The new launchers, enough to form four firing battalions, probably will be deployed around the naval complex at Berbera and the airfield and other military facilities in the vicinity of Hargeysa.

The only other surface-to-air missiles fielded in Somalia are the three SA-2 firing battalions and one support battalion around Mogadiscio.

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The arrival in Portugal on Tuesday of former president Spinola has fueled left-wing charges of a "return to fascism," overshadowing the national assembly's approval last night of the Socialist minority government's program.

Spinola was released from military custody today, but the government's investigation is continuing. He has been charged with engaging in clandestine activities against the present government during his year and a half in exile.

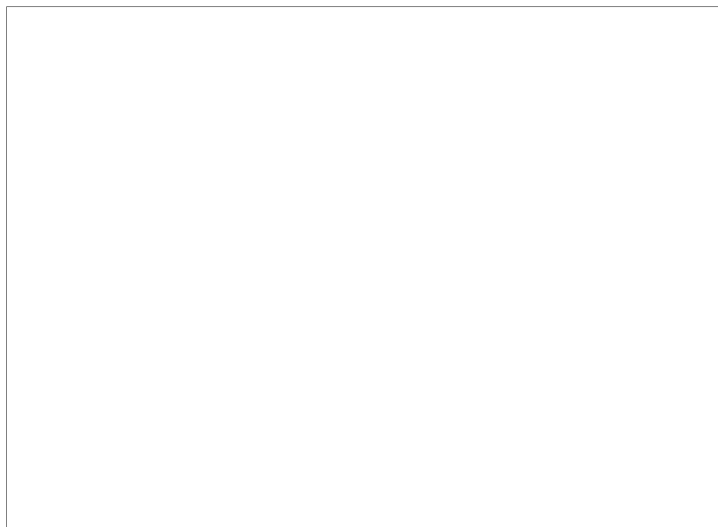
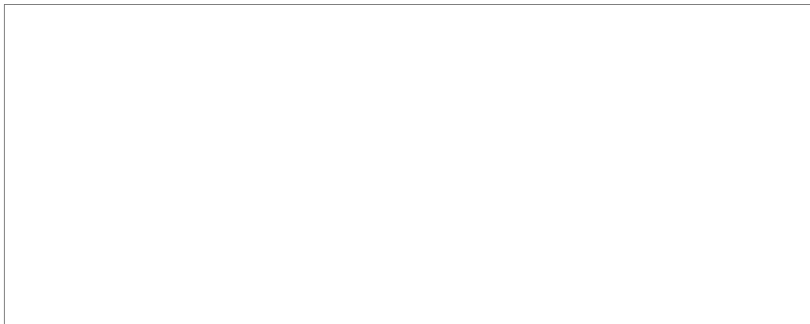
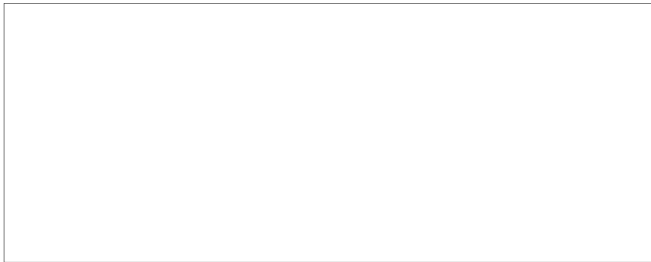
The Communists and far left groups have already called for demonstrations to protest Spinola's return. Several labor organizations held rallies yesterday, and far left-50X1 wing groups have called a demonstration for today.



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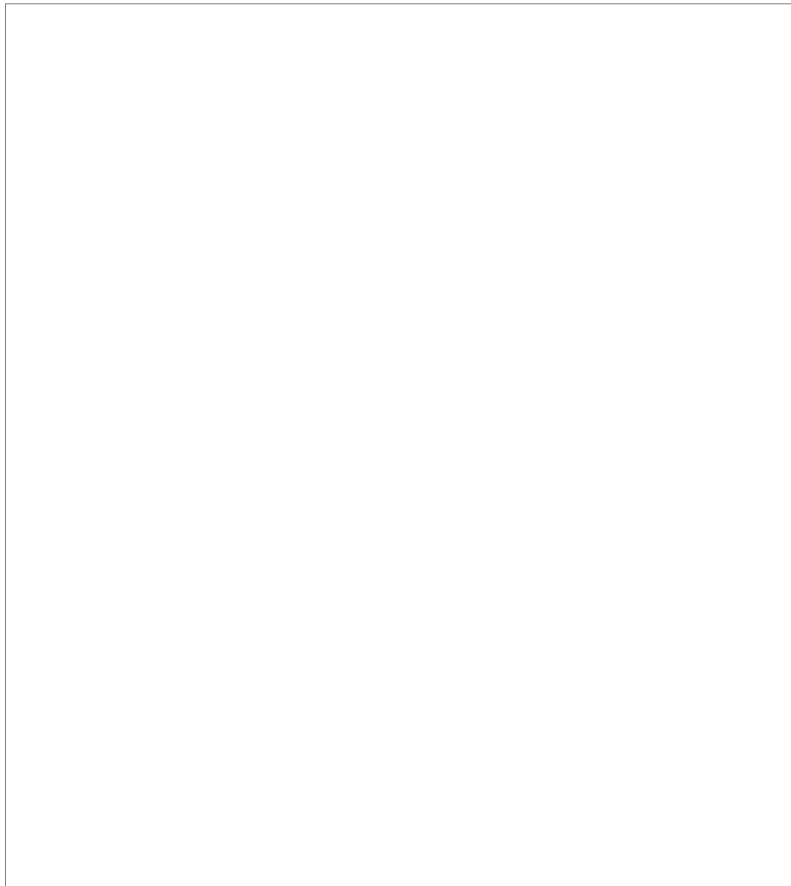
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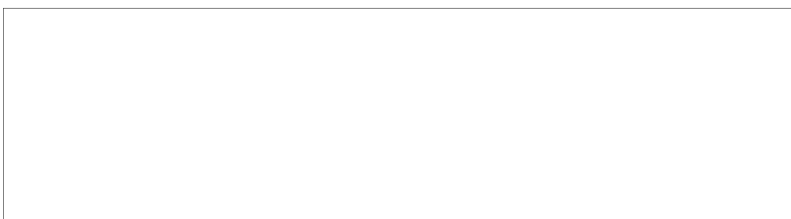


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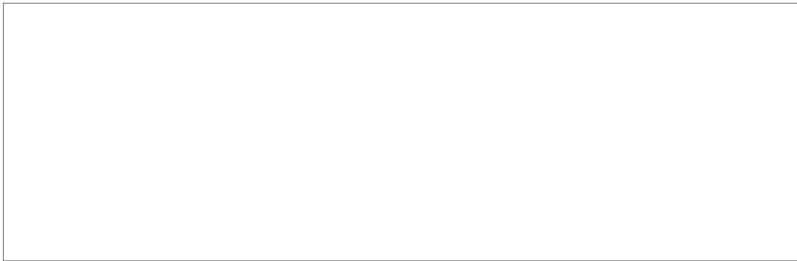
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